An analytical study of Artificial Intelligence in Digital Marketing in 21st Century

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Abstract

The changing marketing landscape has resulted in tracking the consumer journey more challenging. The market is expanding and improving, and clients now have access to an almost infinite variety of new shopping possibilities experienced the digital marketing. As the need for great customers experiences across all digital platforms rises, customers express their desires,

attitudes, and views across the range of platforms and channels. The solution to improving the digital experience and delivering personalized information is artificial intelligence (AI). This reservoir of customer curated data that seems to never end is growing. To extract the information and exploit it, many marketers use AI. AI enables companies to gather and act on comprehensive real-time customer information, and with the help of these insights, they can create tailored digital marketing experiences. Although there is still a long way to go

businesses implement based on AI apps, many see the essential advantage of incorporating AI into digital marketing strategies to create excellent client interactions during the purchasing process. This study of the literature focuses on artificial intelligence (AI) powered digital marketing technologies that can enhance consumer online experiences by utilizing the consumer choice process. It extensively examines how digital marketing using AI affects customer purchasing decisions.

**Keywords:** Human Psychology; Artificial Intelligence; Digital Marketing; Customer Decision

1. **Introduction**

According to Ransbotham et al. (2017), artificial intelligence (AI) is likely to change customer interactions in digital marketing. AI is not intuitive like humans because it is data-driven. Machines can use artificial intelligence (AI), which is frequently referred to as human intelligence processes, to translate data into strategies that direct sensible customer behavior (Haenlein & Kaplan 2019). When companies use digital marketing to change consumer behavior, customer happiness is more likely to increase (Ransbotham et al. 2017). Reaching the appropriate clients at the right moment is now even simpler for firms because to AI-based digital marketing (Ransbotham et al. 2017). A long-term cooperation that boosts consumer satisfaction is the unexpected advantage of purposefully fostering AI innovation to support digital marketing, AI-controlled chatbots, big data, and cognitive technology outputs are all helping businesses. When compared to traditional merchants, AI-powered retailers perform five times better. Digital marketing has had a significant impact on customer behavior, and current consumers now demand an experience that is more dependable and customized. Due to the AI breakthrough in digital marketing, customers may have trust issues. As a result, customers are eager to spend more time learning before they make a purchase (Singh et al. 2019). Today's consumers are more inclined to conduct research before making a purchase since they are better educated (Yussaivi et al. 2019). The future success of AI-enabled digital marketing is yet unknown. Digital marketing can have adverse effects, according to studies, if it is not done correctly (Roggeveen et al., 2021). This can be difficult for companies attempting to integrate AI into their processes (Aceto, Persico, & Pescapé 2018). Businesses who wish to offer effective AI-based digital marketing must have a strong IT infrastructure since AI needs relevant and reliable marketing data. It is crucial to comprehend how consumers view AI innovation as a part of their capacity for learning and how this contributes to brands having more consumer appeal (Roggeveen et al. 2021). The outcomes of a service quality analysis are determined by the correlation between the service read and prior expectations for what that assistance may offer (Nagy & Hajdu, 2021). There is a severe lack of study on how customers respond to machine-controlled services, notably the quality of the services and the shopping experience that is enabled by AI (Chopra 2020). Service quality in AI- enabled services is likely to differ greatly from service quality in social organizations given that self-management innovations are usually used to build these services (Guha et al. 2021). \

In this article, we consider how digital marketing and AI may be combined to improve customer engagement. Figure 1, and Figure 2, shows the model we created to help with the learning of online customer behaviors and attitudes. This approach is predicated on the AI-centered notions of service quality, trust, and confidence. In order to bridge the gap between high quality, usability, and AI support and to take advantage of technological innovation and support successful marketing initiatives, our model incorporates trust and confidence. In addition to giving organizations recommendations on how to develop personalized AI experiences, this study also ensures that the intended audiences receive from the insightful data produced by applying AI techniques. Additionally, it increases our understanding of potential collaboration among users of AI-powered systems..

1. **Review of Literature**

As technology advances and AI's potential in digital marketing increases, the possibilities are unlimited. According to Campbell et al. (2020), artificial intelligence (AI) is being used more and more in operational markets for risk assessment, consumer research, and identifying business activities to collaborate with target clients. While influencing business models, consumer service alternatives, marketing processes, and marketing tactics, the usage of AI in digital marketing will also have an impact on consumer behavior. The major goal of AI in digital marketing is to provide a more stable and dynamic environment for digital marketing rather than to completely replace human dynamics in crucial choices. It will enable marketers to swiftly determine a potential customer's needs and modify the artificial intelligence (AI) they use in digital marketing to boost sales (Campbell et al. 2020). Future digital product development, especially in digital marketing, is predicted to be heavily reliant on AI. According to Juniper Research, retail investment on AI reached $2 billion in 2018 and is projected to reach $7.3 billion by 2022 (Smith 2018). Merchants are being taught how to utilize AI to influence consumer behavior by merchants using a variety of sources, such as AI-controlled chatbots, big data, and client information. According to prior study, AI is anticipated to reach the greatest number of consumers in the context of digital marketing. Conventional customers are valued per unit in global workplaces at a rate many times higher than in retail. As a result, stronger digital marketing materials and high levels of personalization will be emphasized (Keiningham et al. 2017).

Consumers and businesses may depend on technologies for value co-innovation, and they can communicate and collaborate with one another through a digital platform, as noted by Kiron and Schrage (2019). Analysts, however, are concentrating on how AI is frequently utilized to create new action plans because this is a potential result of both business and marketing composition usage of the AI technology (Garbuio & Lin 2019). Virtual consumer engagement is described as the behavioral symptoms that customers exhibit when a company or brand is the center of attention in a digital environment as a result of their motivational factors (Garbuio & Lin 2019). This development in AI-based digital marketing organization gains from the mechanization of different marketing-related processes and data products that may be utilized to support AI (Bag et al. 2021). This calls for the use of AI to be coordinated with digital marketing apps, the natural handling of data, and the return of recommendations to these diverse sectors (Haenlein & Kaplan 2019).

Determining how to handle and measure this data to deliver insightful data and foster consumer trust is one of the issues that digital marketers face as a result of the growing amount of data available (Wirth 2018). While highlighting the connection between customer engagement behaviors and big data, it's crucial to analyze in depth how the organization plans to establish trust by collaborating with big data and AI to change consumer behavior (Hoff & Bashir 2015).

Fortunately, artificial intelligence (AI) systems assist service providers in managing and reacting to massive volumes of data in real-time, automating service interactions, and providing customized client experiences (Bettencourt, Lusch, & Vargo 2014). In urgent situations, AI is quickly becoming a crucial marketing tool (Abadir et al. 2020). The information gathered by customer relationship managers regarding the behaviors and preferences of consumers has altered AI strategy and planning (Dewnarain, Ramkissoon, & Mavondo 2019). Merendino and colleagues (2018) found in their analysis that the digitalization of information also has an impact on board choices. Kim et al. (2019) claim that even when AI is used modestly, the dependency on data quality and quantity as well as a lack of AI abilities can impede progress. The output could be greatly increased by combining AI capabilities with relatively crucial business and marketing transcribing talents. Artificial intelligence (AI)-powered chatbots are computer programs that handle natural language conversational enquiries and direct users to streamline human contact in digital marketing platforms (Chopra 2020). They can give systematic research with an informed account, even though they are unable to solicit human assistance in encouraging interactions (Brandtzaeg & Flstad 2017). Perceived value and transparency have a significant impact on how people behave when it comes to preferences (Hoff & Bashir 2015). According to Chopra (2020), chatbots have recognized human nature, social intelligence, the existence of society, trust, skills, and usability in relation to social demands. Chatbots are able to identify different psychological kinds, and messages are generated that resonate with tendencies that result in unique recommendation structures (Haenlein & Kaplan 2019). These artificial intelligence (AI) powered solutions, which are already used by many businesses, can offer digital marketing purchasers individualized guidelines to assist clients in locating pertinent goods and services (Haenlein & Kaplan 2019). Unstudied is the area of AI applications for consumer decision-making. To close this research gap, a thorough review of the literature has been conducted.

# Objective

* To determine how AI influences customer buying behavior
* To study the AI in digital marketing to beneficial for better marketing decisions

# Research Methodology

A scientific analysis of the literature review has been done. Academic research, articles, and publications were compiled and discussed from 1972 to till the year 2021 to use of AI innovations in digital marketing. The literature review has been done from the secondary data source. The simple descriptive statistics has been used. The papers were analyzed and discussion has been done in the context of the review, and the research objectives, results and findings were the main keywords.

# Analysis ,Discussion and Findings

# From 1972 to June 2021, we looked at the evolution of the literature in our three fields on artificial intelligence in digital marketing. This evolution is shown in Figure 1, it reveals a quick and exponential rise during the previous ten years, which demonstrates the growing interest among scientists in using artificial intelligence in digital marketing. We see that the years from 2017 to June 2021 account for the majority of growth to use of AI in digital marketing  on the global arena (53.7% of 4497 articles).

# Figure-1; AI in Digital marketing , Consumer decision and Human psychology

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***Source of Data; https://onlinelibrary.wiley.com/doi/full/10.1002/mar.21619***

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**Figure 2; Artificial Intelligence in Digital Marketing in 21st Century**

***Source of Data ;*** [*https://link.springer.com/article/10.1007/s43039-022-00057-w*](https://link.springer.com/article/10.1007/s43039-022-00057-w)

**Discussion of Results**

# Selective use of artificial intelligence in shopping

**H1: Artificial intelligence can improve customer experiences and affect how people shop for products and services.**

According to earlier study, the four components of the customer experience are cognitive, emotional, physical, and social (Pires et al. 2015). Social components also define the psychological nature of a client's perspective or the social attitudes that underlie them (Keiningham et al. 2017). According to Jarrahi (2018), advances in AI and a shared understanding of typical language usage can enable people to analyze consumer feedback and conclusions at a sizeable, realistic, and fast-paced rate. As a result, AI is probably one of the key digital marketing tools for companies looking to continuously increase client capacity (Haenlein & Kaplan 2019). AI is frequently linked to many digital marketing technologies used by online firms, including augmented and virtual reality, vision-driven photography, and predictive inventory management (Singh et al. 2019). To enhance the customer experience, it is crucial to have a full grasp of the client, their preferences, and their prior encounters. As information and customer profiles are used by AI devices to suggest consumer engagement in the context of digital marketing, this technology can help to accelerate understanding (Ransbotham et al. 2019).

# Improved Service Quality Powered by Artificial Intelligence

**H2: Artificial intelligence in digital marketing raises the level of customer care and increases productivity.** .

How customers view a brand's service contributions can be used to gauge efficiency and service quality. The distinction between intended and acquired service contributions is taken into account when setting these metrics (Ransbotham et al. 2019). The anticipation dis- affirmation hypothesis backs up this notion of service quality. The relationship between the perception of service received and prior expectations for what that help may supply is what leads to the examination of service quality and operational efficiency (Haenlein & Kaplan 2019). There is a dearth of study on how clients respond to machine-controlled services, especially those incorporating AI, despite the fact that current research is rich with an emphasis on the standard of social services (Montes & Goertzel 2019). Because AI-enabled services are typically constructed around self-management breakthroughs, there may be a major difference between the operational efficiency and service quality between AI-enabled services and social services.

# Building Trust and Confidence

**H3: Building confidence in digital platforms is made easier by artificial intelligence.**

Customers and sellers can interact online for easy use to relationships built on trust and responsibility (Jarrahi, 2018).

The theory has been studied in a variety of contexts over time, such as online delivery behavior, fan pages via web-based media, digital marketing, search engines, and complete linkages in online networks (Bag et al., 2001). Any research takes into account the many roles that trust and partnership obligation play in mediated interactions between customers and retailers. One of the crucial variables—trust—benefits the confidence-responsibility hypothesis (Wirth, 2018). Because it illustrates the interaction between people and robotization, trust has been crucial to the success of machine-controlled administrations (Wirth, 2018). Considering that consumers expect to keep control over how their personal information is used by retailers, Hoff and Bashir (2015) view security as a crucial element of trust. Additionally, prior studies have demonstrated that confidence can change the connections between different components when used in conjunction with AI, for example, to enhance quality and accommodation (Xu et al. 2020).

# Findings

Artificial intelligence (AI) has the capacity to identify underlying tendencies in consumer purchasing behaviors based on the goods that customers have already purchased. Then, in an effort to convince customers to complete a transaction, it might provide them with better informed product recommendations. AI-powered customer experience integrates services provided by computers or other devices with quality evaluations to modify the client's dynamic journey to make it convenient and delightful. AI is changing the course of digital marketing by fostering consumer trust and offering personalized experiences.

1. **Conclusion**

AI engineering may alter how goods and services are delivered to customers. We can conclude by saying that data utilized to evaluate customer behavior produces incredibly predicative results and that digital marketing automation is more dynamic than ever. Organizations are better able to recognize their target clients in digital marketing platforms and comprehend their demands and preferences with more clarity thanks to the application of AI. Artificial intelligence (AI) is a relatively new technological advancement in digital marketing that has the potential to have a stronger impact on consumer behavior. Businesses can more easily go from marketing automation to marketing personalization thanks to a new marketing playbook dubbed AI marketing. In recent years, the impact of AI on digital marketing has grown, making it possible for marketers.

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